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ONE HUNDRED NINTH CONGRESS

# Congress of the United States

## House of Representatives

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INDEPENDENT

## MEMORANDUM

To: Members of the Subcommittee on National Security, Emerging  
Threats, and International Relations

From: Christopher Shays  
Chairman 

Date: June 1, 2005

Subject: Briefing memo for the June 7<sup>th</sup> Subcommittee hearing

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Attached find the briefing memo required by Committee rules for the  
hearing on Tuesday, June 7<sup>th</sup> entitled, *DOD EXCESS PROPERTY  
SYSTEMS: Throwing Away Millions*. The hearing will convene at 2:00 p.m.,  
room 2154 Rayburn House Office Building, Washington, D.C.

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June 1, 2005

## MEMORANDUM

To: Members of the Subcommittee on National Security, Emerging Threats, and International Relations

From: J. Vincent Chase, Chief Investigator

Re: Briefing memo for the hearing *DOD EXCESS PROPERTY SYSTEMS: Throwing Away Millions* scheduled for June 7, 2005 at 2:00 p.m. in room 2154 Rayburn House Office Building.

## PURPOSE OF THE HEARING

The purpose of the hearing is to determine the extent of waste and inefficiency in the Department of Defense (DOD) program for the reutilization of excess military property.

## HEARING ISSUES

1. What is the extent of waste, inefficiency and avoidable expenditures in the Department of Defense (DOD) program for the reutilization of excess military property?
2. How effective are management and inventory controls over the DOD excess property reutilization program?

## BACKGROUND

The Defense Logistics Agency (DLA) is the Department of Defense combat support agency under the supervision, direction, authority, and control of the Under Secretary of Defense for Acquisition, Technology, and Logistics. **(Web Resource 1)** The DLA mission is to provide logistics support to America's armed forces, in peace and in war. To carry out this mission, DLA manages an inventory valued at about \$83 billion, consisting of more than 5 million consumable items, including fuel, food, clothing, medical supplies, industrial use items, and spare and repair parts supporting over 1,400 weapon systems. DLA also buys and distributes hardware and electronic items that are used in maintenance and repair of equipment and weapons systems. **(Attachment 1, pg. 8)**

In fiscal years 2002 and 2003, DLA expenditures related to the purchase of goods and services amounted to over \$46.5 billion, including about \$36 billion for commodity purchases and about \$600 million for the Defense Reutilization and Marketing Service (DRMS) excess property disposal services. DLA and DRMS operate under the Defense-wide Working Capital Fund.<sup>1</sup> DLA is financed through user charges to cover costs, and DRMS is financed through user charges and excess property and scrap sale proceeds.

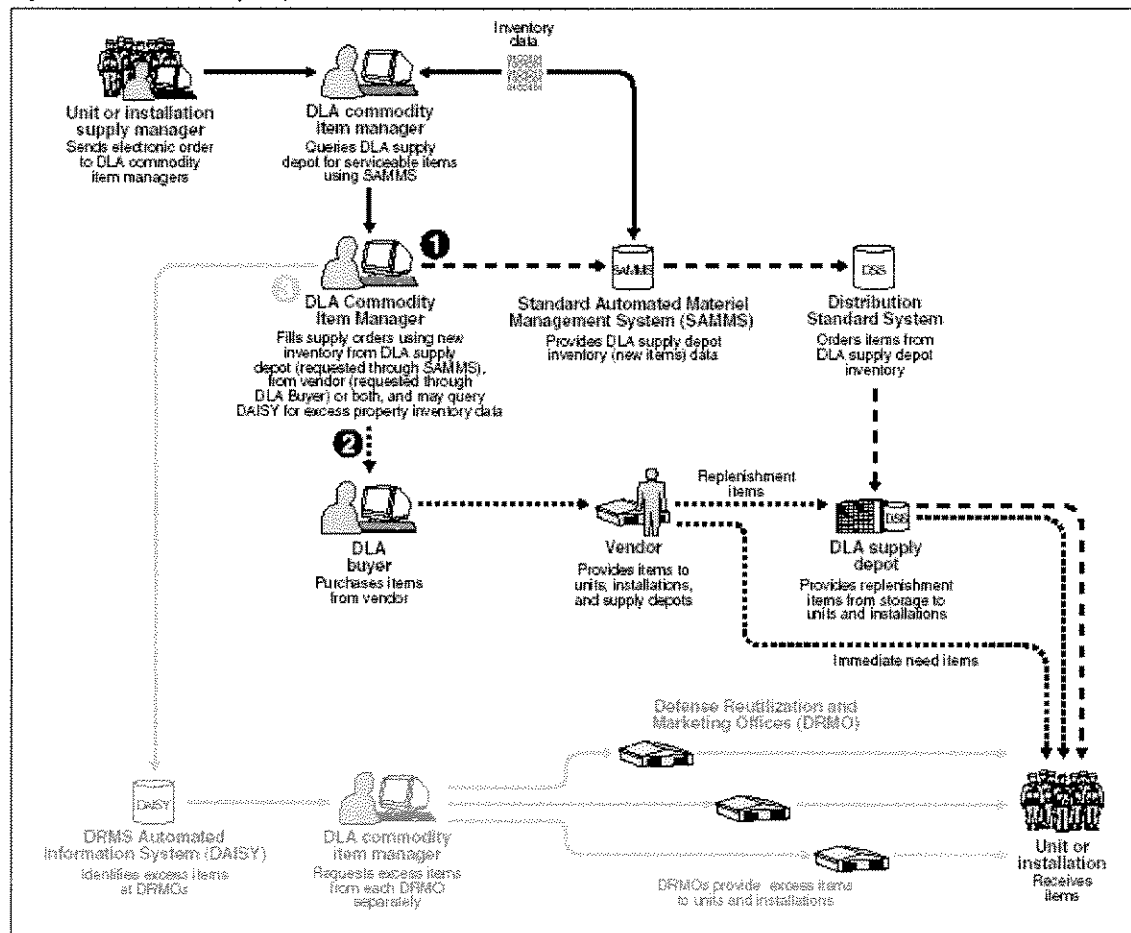
DLA commodity acquisition is carried out by three Defense Supply Centers, located in Columbus, Ohio; Richmond, Virginia; and Philadelphia, Pennsylvania. The DLA acquisition process focuses on the acquisition of inventory requisitioned by the military services for immediate use and routine inventory replenishment. Defense Supply Center item managers initiate commodity procurements based on military unit requirements for materiel and supplies and military unit requisitions (supply orders). Supply Center item managers consolidate the requirements and work with buyers to procure requested items. Items for which there are immediate needs are delivered directly to a military unit by the commercial vendor, and items needed to support anticipated operations are stored at DLA supply depots for later issue.

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<sup>1</sup> The Defense-wide Working Capital Fund is a revolving fund that the Secretary of Defense has established under authority of 10 U.S.C. § 2208.

The DLA Defense Distribution Center uses a total of 26 DLA supply depots located throughout the United States and Europe, as well as in Guam and Kuwait, to store consumables and other items that are classified and sorted by over 5 million different national stock numbers<sup>2</sup> (NSNs). (Attachment 1, pg.2-3)

Figure 1: DLA Commodity Acquisition and Distribution Process



Source: GAO.

<sup>2</sup> An NSN is a 13-digit number that identifies standard use inventory items. The first 4 digits of the NSN represent the Federal Supply Classification, such as 8430 for men's footwear, followed by a 2-digit NATO code and a 7-digit designation for a specific item, such as a cold weather boot.

## **Disposal of Excess Property**

The Federal Property and Administrative Services Act<sup>3</sup>, as amended, places responsibility for the disposal of government real and personal property with the General Services Administration (GSA). The Act requires GSA to delegate disposal of Department of Defense (DOD) property to the Secretary of Defense, who in turn delegated this responsibility to the Defense Logistics Agency.

The Defense Reutilization and Marketing Service is responsible for the day-to-day management of the Department of Defense excess property disposal program. The DRMS mission is “to provide the best value services to customers for the reuse, transfer, donation, sale or disposal of excess property.” **(Attachment 2)**

In accordance with federal regulations governing property management<sup>4</sup> and DOD policy outlined in the *Defense Materiel Disposition Manual*, DOD agencies and military services are responsible for determining whether property they hold is considered excess. **(Web Resource 2)** When a DOD component has property no longer needed, the property is turned over to a Defense Reutilization and Marketing Service field office, referred to as a DRMO. **(Attachment 3)**

DRMS disposes of excess property received from all DOD components. The inventory changes daily and includes thousands of items from clothing, vehicles, computers, hospital and laboratory equipment to scrap from Naval ships and much more. Excess items that are available for reuse are first offered to DOD components and 11 special excess material disposal programs authorized by Congress. **(Attachment 4)**

Property that is not reutilized or transferred to other federal agencies can be donated to states and local governments and other qualified organizations. The redistribution of excess property is intended to allow the government to make full use of excess items, avoid unnecessary procurement of property and improve economy and efficiency of operations.

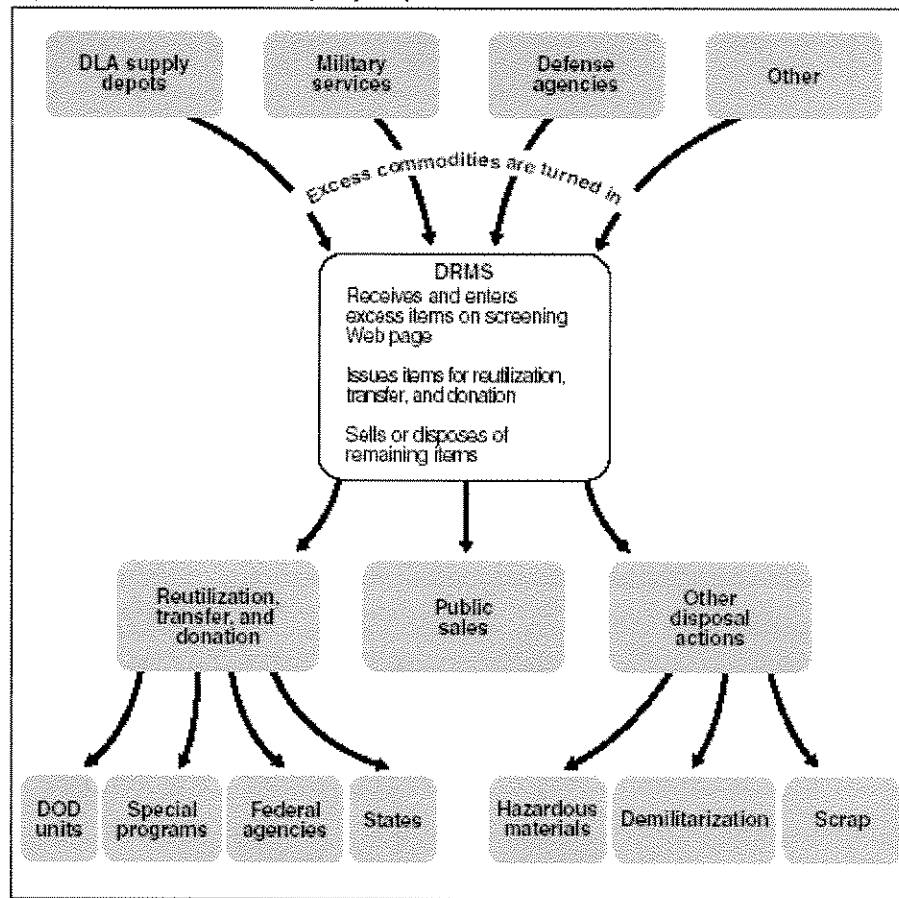
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<sup>3</sup> 40 U.S.C. 10

<sup>4</sup> *Federal Property Management Regulations*, 41 C.F.R. Chapter 101 and the *Federal Management Regulation*, 41 C.F.R. Chapter 102 (2003), issued by the General Services Administration.

Any residual property that is not reutilized, transferred, or donated can be sold to the public.

Figure 2: DRMS Excess Property Disposal Process



Source: GAO.

For sales to the general public DRMS has a commercial partnership with Government Liquidation, LLC to purchase and re-sell non-demilitarization<sup>5</sup> usable property in the United States, Guam, Hawaii and Puerto Rico. **(Attachment 5)** Government Liquidation, LLC markets these items over the Internet, allowing anyone to view, select, and bid on items they wish to purchase. Sales include high-value property, such as aircraft parts, machine tools, hardware, laboratory equipment, electronics, material handling equipment, vehicles, personnel clothing and equipment. If

<sup>5</sup> The demilitarization program is a major part of the DRMS mission. It prevents offensive and defensive equipment from being released to the public.

Government Liquidation, LLC is not successful in selling excess items, it returns these items to DRMS for scrap and recycling. **(Web Resource 3)**

### **The Demilitarization Program**

The Demilitarization Program prevents offensive and defensive equipment from being released to the public. The DOD demilitarization policy establishes specific codes that are designed to indicate whether DOD property is available for reuse without restriction, or whether specific restrictions apply, such as removal of classified components, destruction of sensitive military technology, or trade security control<sup>6</sup>. **(Attachment 6)**

Examples of items with a demilitarization requirement include tanks, some electronics equipment, military aircraft, night-vision devices, infra-red (IR) reflective textiles (used for clothing, tarps and tents), radio sets, and optical sights. DOD requires that buyers who purchase items subject to trade security controls be subjected to pre-sales clearance procedures, including a background check and submission and approval of an End Use Certificate.<sup>7</sup> The Defense Logistics Agency Criminal Investigations Activity (DCIA) is responsible for pre-sale clearances and monitoring of post-sale compliance with DOD End Use Certificate requirements.

### **Assessing the Efficiency of the Excess Property Program**

In October 2003, the Subcommittee held a hearing entitled, *Emerging Threats: Assessing DOD Control of Surplus Chemical and Biological Equipment and Material*.<sup>8</sup> The purpose of the hearing was to learn why the latest CB suit technology was discarded as excess property and being sold on the Internet when the military services were reporting a shortage of these CB suits. As a result of this hearing, the Subcommittee decided to look

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<sup>6</sup> Trade Security Controls are policies and procedures designed to prevent the sale or shipment of U.S. Government materiel to any person, organization, or country whose interests are unfriendly or hostile to those of the United States.

<sup>7</sup> The End Use Certificate indicates the destination and disposition of sensitive, controlled items, such as military equipment, technical data, or dual use items.

<sup>8</sup> Hearing before the House Subcommittee on National Security, Emerging Threats and International Relations, *Emerging Threats: Assessing DOD Control of Surplus Chemical and Biological Equipment and Material*, October 7, 2003, US Government Printing Office, Serial No. 108-121.

more broadly at DLA inventory processes and procedures for the disposal of excess property to determine the extent of waste and inefficiency in the excess property program.

In response to a Subcommittee request, the Government Accountability Office (GAO) prepared a report entitled, *DOD EXCESS PROPERTY: Management Control Breakdowns Result in Substantial Waste and Inefficiency*, (GAO-05-277) which is the subject of the June 7, 2005 hearing. **(Attachment 1)** GAO will testify and provide examples of DOD transferring, donating, or selling excess property in new or good condition at the same time the Department is purchasing the same or similar new items. In addition, GAO will discuss the root causes for DOD's inability to properly dispose of excess property.

During fiscal years 2002 and 2003, the military services, DLA supply depots, and DOD agencies turned in excess property with a reported acquisition value of approximately \$31 billion<sup>9</sup> and disposed of excess property valued at \$18.6 billion<sup>10</sup>. This property included everything from office equipment, medical supplies, and clothing to scrap from naval ships, military equipment, and hazardous materials. The condition of the property ranges from being well-used or damaged property that has little value to new, unused items that sometimes are still in the original manufacturer's packaging. **(Attachment 7)**

The GAO analysis of the \$18.6 billion<sup>11</sup> in fiscal year 2002 and 2003 excess property disposal activity identified \$2.5 billion<sup>12</sup> in items that were reported to be in new, unused, or in excellent condition referred to as "A" condition. Although federal regulations and DOD policy require reutilization

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<sup>9</sup> GAO will testify for the longer period FY 2002 through FY2004, the value of DOD agencies' turned in property was \$53 billion.

<sup>10</sup> GAO will testify for the longer period FY 2002 through FY2004, the value of DOD disposal of excess property was \$33 billion.

<sup>11</sup> See footnote #9.

<sup>12</sup> GAO will testify for the longer period FY 2002 through FY2004, the value of "A" condition property was \$4 billion.



of excess property in good condition<sup>13</sup>, to the extent possible, GAO's analysis showed that DOD units only reutilized \$295 million<sup>14</sup> or 12 percent of these items. The remaining \$2.2 billion<sup>15</sup> or 88 percent of the \$2.5 billion<sup>16</sup> in disposals of "A" condition excess property were not reutilized, but instead were transferred, donated, sold, or destroyed. About \$1.6 billion<sup>17</sup> of the \$2.2 billion<sup>18</sup> was transferred to other federal agencies and special programs, donated to states, or sold to the public for pennies on the dollar. DRMS sent the remaining \$634<sup>19</sup> million to scrap and other contractors for disposal.

GAO also found that DOD purchased at least \$400 million of identical items during fiscal years 2002 and 2003, instead of reutilizing available excess items in "A" condition. In addition, the GAO analysis of transaction data and control tests for inventory accuracy indicate that the magnitude of waste and inefficiency could be much greater due to military units improperly downgrading condition codes of excess items that are in new, unused, and excellent condition to unserviceable and the failure to consistently record national stock numbers needed to identify like items.

**(Attachment 7)**

DRMS is responsible for disposing of unusable items, often referred to as "junk," as well as managing the reutilization of usable items. As shown

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<sup>13</sup> *Federal Property Management Regulations*, 41 C.F.R. ch. 101 (2004) and the *Federal Management Regulation*, 41 C.F.R. ch. 102 (2004), issued by the General Services Administration; DOD 4160.21-M, *Defense Materiel Disposition Manual*; and GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

<sup>14</sup> GAO will testify for the longer period FY 2002 through FY2004, DOD reutilization of excess property increased from \$295 million to \$495 million.

<sup>15</sup> GAO will testify for the longer period FY 2002 through FY2004, the value DOD excess property not reutilized was \$3.5 billion.

<sup>16</sup> See footnote #11.

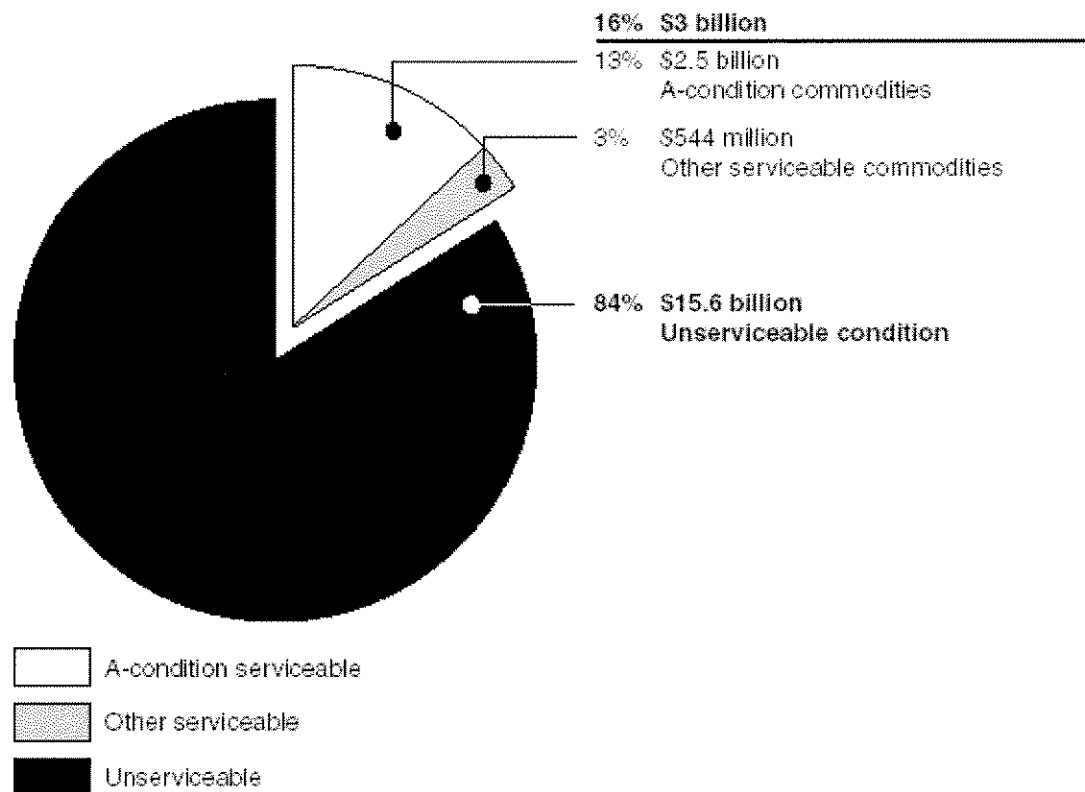
<sup>17</sup> GAO will testify for the longer period FY 2002 through FY2004, the value of DOD excess property not reutilized but was transferred to other federal agencies and special programs was \$2.4 billion.

<sup>18</sup> See footnote #14.

<sup>19</sup> GAO will testify for the longer period FY 2002 through FY2004, the value DOD excess property not reutilized but was scrapped or sold was \$1.1 billion.

in figure 3, GAO's analysis of DRMS data showed that \$15.6 billion<sup>20</sup> of the \$18.6 billion<sup>21</sup> in fiscal year 2002 and 2003 excess property disposals consisted of items reported to be in unserviceable condition, including items needing repair, items that were obsolete, and items that were downgraded to scrap. The remaining \$3 billion<sup>22</sup> in excess property consisted of items reported to be in serviceable condition, including \$2.5<sup>23</sup> reported to be in "A" condition (new, unused, and excellent condition).

**Figure 3: Fiscal Year 2002 and 2003 Disposals of Excess DOD Commodities in Serviceable and Unserviceable Condition**



Source: GAO analysis.

<sup>20</sup> GAO will testify for the longer period FY 2002 through FY2004, the value of items reported to be in unserviceable condition was \$28.1 billion.

<sup>21</sup> See footnote #9.

<sup>22</sup> GAO will testify for the longer period FY 2002 through FY2004, the value of items reported to be in serviceable condition was \$4.9 billion.

<sup>23</sup> See footnote #11.

Although DOD units reported that \$15.6 billion<sup>24</sup> (84 percent)<sup>25</sup> of the excess property disposed of during fiscal years 2002 and 2003 were in unserviceable condition, DRMS data showed that DOD units had reutilized over \$1.4 billion<sup>26</sup> of these items, an indication that the items were, in fact, serviceable. Erroneous reporting of serviceable excess items as unserviceable hinders efforts at effective reutilization and can result in lower sales proceeds for items sold to the public. Although GAO does not know the extent of this problem, GAO's statistical tests of DRMO inventory at five locations identified significant errors related to excess items that were coded as unserviceable when they were in fact in new, unused, and excellent condition.

## **DISCUSSION OF HEARING ISSUES**

### **1. What is the extent of waste, inefficiency and avoidable expenditures in the Department of Defense (DOD) program for the reutilization of excess military property?**

The Government Accountability Office found DLA allows DRMS to waive the requirement to verify quantities on returned excess property. This weakness in oversight and accountability can result in lost, stolen, damaged, and inaccurate inventory counts of excess property and contribute to hundreds of millions of dollars in overall reutilization program waste and inefficiency.

GAO identified \$2.2 billion<sup>27</sup> in DOD "A" condition excess property that was transferred or donated to other agencies or States, junked or destroyed, or sold to the general public. These items were identical to items that DLA continued to purchase or stock. As an example, on July 30, 2003 DRMS sold 172 pairs of new, unused extreme cold weather boots valued at \$23,220 or \$135 per pair for \$69 or about 40 cents per pair. However,

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<sup>24</sup> See footnote #19.

<sup>25</sup> GAO will testify for the longer period FY 2002 through FY2004, the value of items reported to be in unserviceable condition was 85 percent

<sup>26</sup> GAO will testify for the longer period FY 2002 through FY2004, the value of items reported to be in unserviceable condition but were reutilized was \$2.3 billion.

<sup>27</sup> See footnote #14.

during the period from May 15, 2003 through July 30, 2003 8 military units purchased 214 pairs of the identical boots from DLA. As a result, the Department wasted \$27,678.

To illustrate the continuing reutilization program inefficiencies and wasteful purchases, during fiscal year 2004 and the first quarter of fiscal year 2005, GAO obtained extreme cold weather boots that were being purchased by DLA and were currently in use by the military services. GAO purchased these boots over the Internet for approximately \$12 per pair, which have a listed acquisition cost of \$135 per pair. **(Attachment 8)**

In addition to instances of DOD units failing to reutilize excess property in "A" condition that was instead given away or sold by DRMS, GAO found DRMS also junks or scraps "A" condition property. As an example, GAO found excess "A" condition items were destroyed including 2,390 aircraft parts valued at \$9,119,876, such as rotary wing blades, rotary rudders, windshield panels, fuel tanks, and pilot protection armor; 34,070 circuit cards valued at \$73,666,720, including 88 circuit cards related to one NSN valued at \$265,565; 1,604 radio sets valued at \$10,247,110; 477 power supply units valued at \$3,385,580; and 3 plasma display units valued at \$263,151. This excess property could be reutilized or sold and represents a significant waste of taxpayer dollars and inefficiency. **(Attachment 9)**

Finally, the GAO analysis of fiscal year 2002 and 2003 DLA commodity purchases and DRMS excess property inventory data identified numerous instances in which the military services ordered and purchased items from DLA at the same time identical items, items with the same NSN that were reported to be in new, unused, and excellent condition were available for reutilization.

GAO found that DOD purchased at least \$400 million of identical items during fiscal years 2002 and 2003 instead of using available excess "A" condition items. The magnitude of unnecessary purchases could be much greater because national stock numbers needed to identify identical items were not recorded for all purchase and turn-in transactions. These items included medical instrument chests, tents, tires, and metal doors for combat vehicles.

For example, GAO determined that DLA buyers and item managers did not record national stock numbers for 87 percent (about \$4.9 billion) of the nearly \$5.7 billion in medical commodity purchases by military units during fiscal years 2002 and 2003. Further, improper downgrading of condition codes to unserviceable will result in an understatement of the magnitude of unnecessary purchases. While GAO statistical tests found a few instances of inaccurate serviceable condition codes, most condition code errors related to the improper downgrading of new and useable property to unserviceable.

## **2. How effective are management and inventory controls over the DOD excess property reutilization program?**

The loss of \$2.2 billion<sup>28</sup> in reutilization program waste and inefficiency identified by the Government Accountability Office stemmed from management control breakdowns. GAO found the Defense Reutilization and Marketing Service inventory management control processes contributed to waste and inefficient reutilization of excess property, including unreliable excess property inventory data, inadequate DRMS oversight, accountability, physical control, and safeguarding of property, and outdated, nonintegrated excess inventory and supply systems. For many years, GAO high risk reports and audits of DOD inventory management reported continuing unresolved logistics management weaknesses resulting in DOD purchasing more inventory than needed.

### **Unreliable Inventory Data**

Based on statistical testing, GAO has concluded that unreliable inventory data is a key cause for the loss of millions of dollars in the excess property reutilization program. DRMS policy requires department personnel to verify turn-in information, including item description, quantity, condition code, and demilitarization code, at the time excess property is received and entered into excess property inventory. However, GAO found DRMS management has not enforced this requirement. In addition, the military services told GAO investigators that they did not trust DRMS inventory data

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<sup>28</sup> See footnote #14.

because they could not count on receiving the right items or quantity ordered or items in “A” condition.

The most common data reliability errors uncovered by GAO included:

- *Existence errors*: Items, such as sleeping bags, cold weather clothing, wet weather parkas, chemical and biological protective suits, a computer, and monitors were listed on DRMO inventory record but officials could not locate documentation to show whether the missing turn-ins had been reutilized, transferred, sold, or destroyed.
- *Quantity errors*: Separate from missing turn-ins, quantity errors involved items that exceeded or fell short of quantities recorded on a turn-in transaction. Because DRMO personnel do not always verify quantities at the time excess items are received and recorded into excess inventory, they cannot determine whether missing quantities are errors or if they represent items that are lost, missing, or stolen.
- *Lack of timely transaction recording*: DRMO personnel did not always record transactions to reflect events, such as changes in warehouse location and shipments to customers or disposal contractors within 7 days. Excess property users told GAO that they spend a lot of time visiting DRMO warehouses to locate and inspect excess items before they submit requisitions for them.
- *Inaccurate item descriptions*: GAO identified several turn-in transactions involving items that were different from the types of items recorded in the inventory records. For example, GAO found three instances at one DRMO where turn-ins of computer keyboards were listed in excess inventory records as speakers and one instance at another DRMO where speakers were recorded as keyboards.
- *Inaccurate condition coding*: GAO found condition code error rates that ranged from 5 percent at one DRMO to 22 percent at two other DRMOs that were tested. GAO identified numerous examples of new, unused excess inventory items that were

incorrectly coded as being in unserviceable condition, including cold weather boots, cold weather undershirts, military trousers, women's blue dress uniforms, compressor parts kits, wet weather parkas, and fragment body armor. GAO found numerous other new, unused items in DRMO warehouses and at liquidation sales locations that were coded as unserviceable, including desert combat boots, camouflage clothing, computer equipment, and aircraft parts. Accurate condition codes are key to an effective excess property reutilization program because DOD units generally look for new, unused excess items for reutilization.

### **Inadequate Oversight of the Excess Property Program**

According to GAO, weaknesses in excess property program accountability resulted in lost and stolen property contributing to waste and inefficiency in the program. GAO found reported losses for fiscal years 2002 through 2004 totaled \$466 million. Because 43 percent of the reported losses related to military technology items that required demilitarization controls, these weaknesses also reflect security risks.

In addition to reported losses resulting from inadequate oversight, GAO found significant instances of property damage at DRMS liquidation contractor sales locations. Because all liquidation sales are final, buyers have no recourse when property is damaged subsequent to sale or is not in the advertised condition. As a result, customers who have lost money on bids related to damaged and unusable items might not bid again, or they may scale back on the amount of their bids in the future, affecting both the volume of excess DOD items liquidated and sales proceeds. The property damage observed by GAO at liquidation contractor sales locations is primarily the result of DRMS management decisions to send excess DLA supply depot property to two national liquidation sales locations without assurances that the contractor had sufficient personnel and warehouse capacity to process, properly store, and sell the volume of property received.

Finally, GAO found poorly maintained contractor warehouse facilities at one liquidation sales location resulted in severe water damage to excess DOD bandages and medical supply items that GAO purchased over the

Internet at govliquidation.com. The DRMS liquidation sales contract and Web page conditions of sale state that DRMS is responsible for providing and maintaining the warehouse facilities used by the contractor.

### **Outdated Inventory Management Systems Impair Program Efficiency**

Inefficient, nonintegrated excess inventory management systems lack controls necessary to prevent waste in the excess property reutilization program. GAO has reported over many years the DRMS Automated Inventory System (DAISY) and Defense Logistic Agency Standard Automated Materiel Management System (SAMMS) are outdated and nonintegrated. The systems do not share information necessary to identify and alert DLA managers of excess property that is available to fill supply orders and prevent purchases of new items when “A” condition excess items are available for reutilization. In addition, military units do not know how many items they have and where these items are located.

According to GAO, DLA has acknowledged serious deficiencies in its automated inventory management systems. Although DLA has an effort under way to replace SAMMS with the Business Systems Modernization (BSM) and DRMS has a Reutilization Modernization Program (RMP) under way to upgrade DAISY, so far these have been separate, uncoordinated efforts and they do not adequately address identified process deficiencies. Also, while the systems improvement efforts are intended to integrate supply and excess inventory systems to support the reutilization program, they are not focused on resolving long-standing problems related to unreliable condition code data and incomplete data on national stock numbers. The accuracy of these two data elements is critical to the ability to identify like items that are available for reutilization at the time purchases are made.



## **WITNESS TESTIMONY**

### **PANEL ONE**

**Mr. Gregory Kutz**, Managing Director, Forensic Audits and Special Investigations, U.S. General Accounting Office will testify about GAO's review of DOD control over the excess property program. GAO found approximately \$3.5 billion in waste related to the DOD excess property reutilization program.

### **PANEL TWO**

**Mr. Alan F. Estevez**, Assistant Deputy Under Secretary of Defense (Supply Chain Integration), Department of Defense will testify about DOD-ALT guidelines, policies, procedures, and the oversight of these guidelines for controlling the disposal of excess property.

**MG Daniel Mongeon**, Director for Logistics Operations, Defense Logistics Agency will testify about DLA disposal of excess property procedures and oversight of DRMS.

**Colonel Patrick E. O'Donnell**, Commander, Defense Reutilization and Marketing Service, Department of Defense will testify about management oversight and disposal of excess property.

## **ATTACHMENTS**

1. *DOD EXCESS PROPERTY: Management Control Breakdowns Result in Substantial Waste and Inefficiency*, GAO Report, GAO-05-277, May 2005.
2. Defense Logistics Agency, Defense Reutilization and Marketing Service, *DRMS: "At a Glance,"* March 17, 2004.
3. Defense Reutilization and Marketing Service field office, National Commend 2003, Site Map.
4. Department of Defense, Defense Logistics Agency, *Special Excess Material Disposal Programs*.
5. Government Liquidation, LLC, a subsidiary of Liquidity Services, Inc.
6. Defense Logistics Agency, Defense Reutilization and Marketing Service, *The Demilitarization Program*, updated April 2001.
7. Defense Logistics Agency, Excess Property Condition Codes.
8. New, Unused Excess Cold Weather Boots, Purchased in October 2004.
9. New, Unused Excess Electronic Equipment, Transferred to GAO in September 2004.

## **WEB RESOURCES**

1. The Defense Logistics Agency (DLA)  
< <http://www.dla.mil/> >
2. The Defense Logistics Agency (DLA),  
DLA Publishing Systems e-Guide  
*Defense Materiel Disposition Manual*, DOD 4160.21-M  
< <http://www.dla.mil/dlaps/dod/416021m/guide.asp> >
3. Government Liquidation, LLC, a subsidiary of Liquidity Services, Inc.  
<<http://www.govliquidation.com/about/index.html>>

## **WITNESS LIST**

### *PANEL ONE*

**Mr. Gregory D. Kutz**, Managing Director  
Forensic Audits and Special Investigations  
U.S. Government Accountability Office

accompanied by

**Ms. Gayle L. Fischer**, Assistant Director  
Forensic Audits and Special Investigations

**Mr. John J. Ryan**, Assistant Director/Special Agent  
Forensic Audits and Special Investigations

**Mr. Keith Rhodes**, Chief Technologist  
Applied Research and Methods

### *PANEL TWO*

**Mr. Alan F. Estevez**  
Assistant Deputy Under Secretary of Defense (Supply Chain Integration)  
Department of Defense

**MG Daniel Mongeon**  
Director for Logistics Operations  
Defense Logistics Agency

**Colonel Patrick E. O'Donnell**, Commander  
Defense Reutilization and Marketing Service  
Department of Defense